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*Sources*

### Spain: Talking Points for the DCI

1. During its first three months in office, Prime Minister Gonzalez's government has adhered to the moderate course the Socialists promised in the election campaign last Fall.

- The cabinet is staffed largely with pragmatic technocrats of social-democratic bent. Among leading ministers only Foreign Minister Moran has adopted a doctrinaire leftist approach to some issues.
- Gonzalez appears to dominate his cabinet and make key policy decisions, using his authority to deflect pressures for radical or precipitous actions.
- Gonzalez maintains good rapport with the King, who continues to be a guarantor of democratic stability. [redacted]

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2. The government's economic team has avoided the expansionary policies and massive nationalizations that characterized French President Mitterrand's first year in office. It has concentrated mainly on controlling inflation.

- The Socialists realize that the international economic slump gives them little room for maneuver in macroeconomic policy.
- The government has established good relations with the business and banking communities; this has helped it in brokering wage negotiations between labor and management.
- The recent expropriation of the giant and diversified RUMASA conglomerate was an emergency measure designed to avert the firm's collapse. This move has been applauded in some business circles and probably does not herald additional nationalizations. [redacted]

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3. On other domestic issues, the Socialists have projected a bolder image.

- A controversial proposal to legalize abortion on a restricted basis has angered the Church and the right, but it appears to enjoy substantial popular support.
- The Socialists have adopted a tough stance on Basque terrorism, promising vigorous police actions to root out the ETA terrorist organization. This policy has temporarily increased tensions in the Basque region, but it probably represents the only realistic course for now and enjoys widespread backing. [redacted]

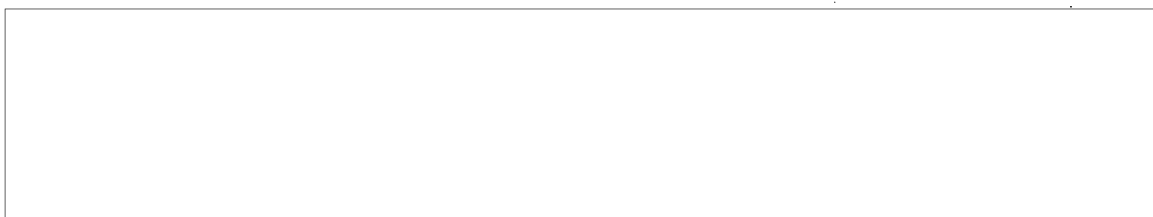
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4. The government's foreign policy, although consistently more nationalist in tone, has yet to take on clear direction. Although distrustful of the Soviets and generally friendly to the US, the Socialists want to give Spain a more autonomous foreign policy better attuned to what they perceive to be Spanish interests. Gonzalez is performing a difficult balancing act that involves maintaining good relations with Washington, joining the Common Market, revitalizing Spain's relations with the Third World, and dealing with his pledge to hold a referendum on NATO membership and freeze further military integration into the Alliance.

- So far, the Socialists have given priority to the bilateral security relationship with the US. The new US-Spanish treaty -- negotiated by the previous centrist administration -- should be ratified by parliament in April or May. The one change proposed by the Socialists is the addition of a protocol reaffirming that the agreement does not affect Spain's status vis a vis NATO.
- NATO policy is still in flux. Spain participates in the political side of the Alliance, but the government has halted movement toward complete military integration. The Socialists appear to be coming slowly to appreciate at least the political advantages of NATO membership. They are increasingly unlikely to pull out of the Alliance altogether, and we expect them to try to finesse their campaign promise to hold a referendum on the issue. The outlook for military integration, however, is more problematic, because some of Gonzalez's advisors -- notably Moran -- would prefer a Spanish NATO role similar to that of France.
- The government's desire for early entry into the Common Market and negotiations with Great Britain over Gibraltar may reinforce the hand of pro-NATO Socialists. Gonzalez seems to believe that Madrid's chances of making progress on these questions will be best if Spain remains in the Alliance.
- The Socialists have moved cautiously in establishing an independent policy in the Third World. For example, in Central America -- an area of special concern to Gonzalez -- the government has backtracked on plans to take the lead on a peace initiative. [REDACTED]

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5. The possibility of military intervention in politics has diminished over the months since the Socialists have come to power.



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- The Defense Minister has proven especially adept at reconciling the armed forces to Socialist rule and focusing their attention on professional military matters. [REDACTED]

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